

## *The President's Daily Brief*

6 September 1971

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

In South Vietnam, Ky has backed away from his threat to oust Thieu by force but is continuing his efforts to win the leadership of the opposition. (Page 1)

Political tensions in Cambodia have eased following the postponement of the interpellation of the finance minister. (Page 2)

Laotian efforts to recapture Paksong from the Communists have been dealt another setback. (Page 3)

India is attempting to negotiate a regional pact along the lines of its recently concluded treaty with the USSR. (Page 4)

Iran

(Page 5)

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There are signs of dissension in the new Bolivian regime. (Page 6)

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## SOUTH VIETNAM

Ky's denial that he had threatened to destroy Thieu by force seems to have been carefully handled to meet the minimum requirements of the situation. His unrestrained attack on Thieu would almost certainly have forced Thieu to take countermeasures if allowed to stand. For his part, Thieu gave Ky time to reconsider, saying that he knew nothing about Ky's threat except what he had learned through the press and that he was having the matter investigated. Ky evaded making an explicit denial of the substance of the reports. Instead, an aide was instructed to make a general statement claiming that "no one was authorized to speak as a source close to the Vice President," an obvious allusion to the fact that some reporters had violated the ground rules of Ky's 3 September background briefing.

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Ky is also trying to organize support from several political parties. [redacted]

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[redacted] he has secured the signatures of a number of party faction leaders on a declaration calling for Thieu's resignation and if he refuses threatening to hinder the 3 October election by all possible legal means. Thieu has little respect for the leaders involved, and it is unlikely that he will be impressed. Thieu may, however, take some measures to open new divisions among these temporarily united oppositionists.

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The other major opposition leader, Big Minh, has apparently agreed to lead an opposition bloc, which may include the powerful An Quang Buddhists and some leftist political leaders. Minh and his staff were said to have met with An Quang representatives on 3 September to consider future strategy. [redacted]

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[redacted] Minh had previously indicated that he would be willing to lead a united opposition bloc.

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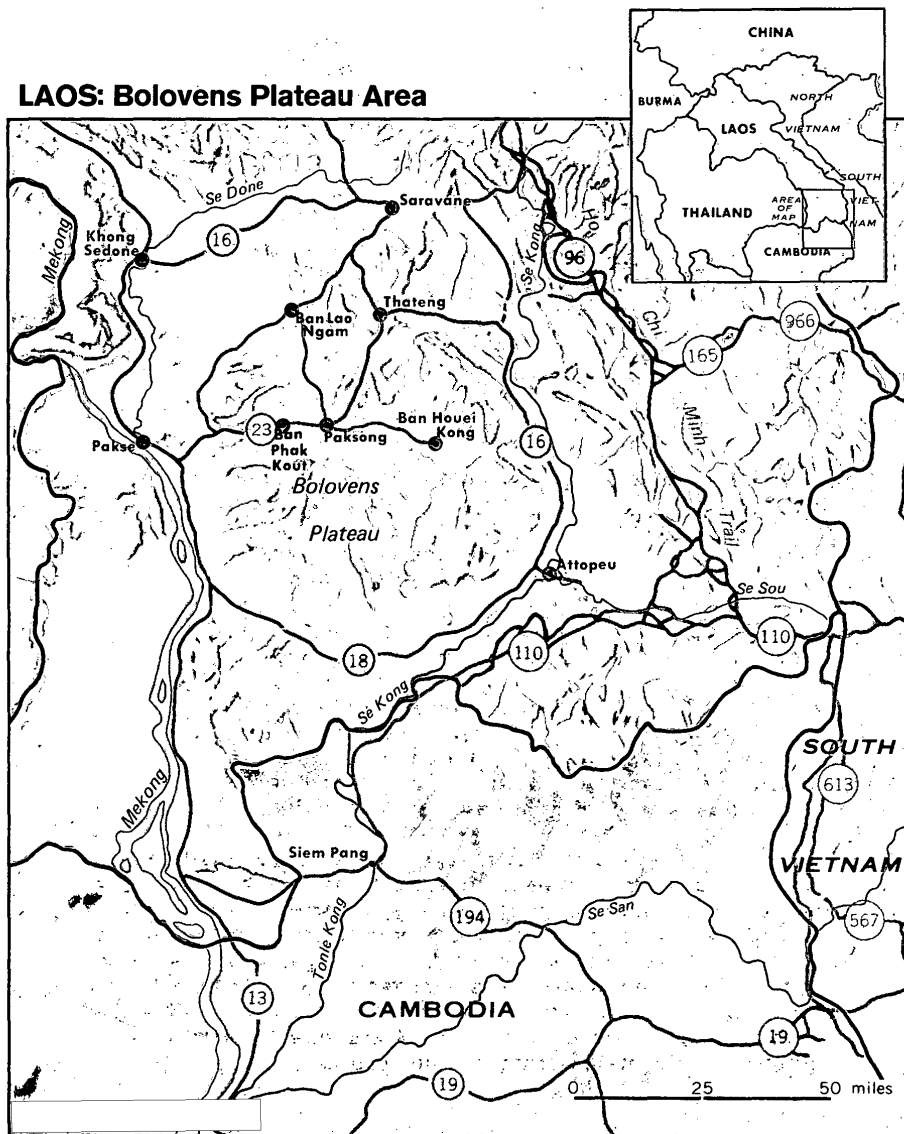
CAMBODIA

Political tensions in Phnom Penh have eased. The National Assembly has agreed to postpone its interpellation of Finance Minister Sok Chhong and has signaled its readiness to consider the government's proposals for major economic reforms, perhaps as early as next week. Chief of State Cheng Heng has told Ambassador Swank that Chhong in turn has agreed to stay on in the cabinet and to see the economic program through the legislature.

*Chhong, one of Cambodia's few trained and competent economists, had been under pressure to resign by a small but vocal assembly minority because he was the architect of some earlier, unpopular government economic policies. Lon Nol and Sirik Matak were anxious to avoid any showdown with the assembly as other ministers were said to be ready to quit in sympathy with Chhong. This probably would have brought down the government, worsening an already turbulent political scene agitated by the personal animosities and ambitions of a number of government leaders.*

*The formulation and implementation of one of the key new economic programs--the Exchange Support Fund (ESF), a multinational aid arrangement--is expected to take some time; thus, the assembly's acquiescence in the matter means in effect that the interpellation will be suspended indefinitely and suggests that the assembly is ready to cooperate with the government in resolving Cambodia's knotty economic problems. It was also apparently recognized that the spectre of continued political instability in Phnom Penh could have jeopardized the ESF as well as the prospects of a cash grant now under study in Washington.*

# LAOS: Bolovens Plateau Area



551837 9-71 CIA

- Communist-held location
- Government-held location

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## LAOS

The government task force attempting to recapture Paksong on the Bolovens Plateau in south Laos was dealt another setback on 4 September. North Vietnamese forces mounted a coordinated mortar and ground attack against three Lao Army battalions manning front line positions on Route 23 west of Paksong. The three battalions dispersed and were reported to be strung out and in disarray for some six miles back along the road. Known casualties are one killed, 36 wounded, and over 200 missing. Three irregular battalions at Ban Phak Kout are to be joined by a fourth to form new front line positions. Elsewhere in south Laos, two Pathet Lao companies--totaling 77 men and three political cadre--defected to the government at a location northeast of Khong Sedone.

In north Laos, three irregular positions northeast of the Plaine des Jarres were lost following enemy daylight attacks. The North Vietnamese also kept up their shelling attacks and ground assaults on irregular positions on the northern Plaine, but no other positions changed hands.

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INDIA

New Delhi's policy makers, who are concerned about the implications of a Sino-US rapprochement, believe they need the protection of a regional pact along the lines of their recently concluded treaty with the USSR. The Indians presumably hope the Soviets would support such an arrangement, but at the same time they are anxious to show that they remain essentially nonaligned and are not solely tied to the USSR and its allies.

The Indians have already approached Japan--and possibly several other Asian countries--about a treaty. Diplomats in Nepal and Ceylon expect that friendship treaties will be included on Indian Foreign Minister Singh's agenda during his good will visits early this month.

*The Japanese were cool to the Indian approach. They are leery of Soviet involvement and are concerned about their relationship to existing regional organizations. The Nepalese are also not likely to be enthusiastic because of their special problems with China.*

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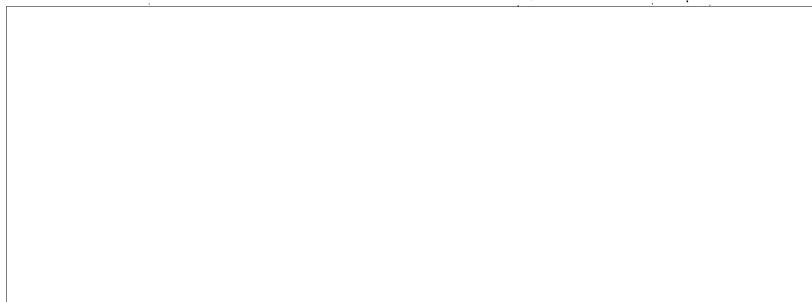
*The Ceylonese have led the Indians to think that although they do not want any formal entanglements with the USSR, they might consider concluding a treaty with India.*

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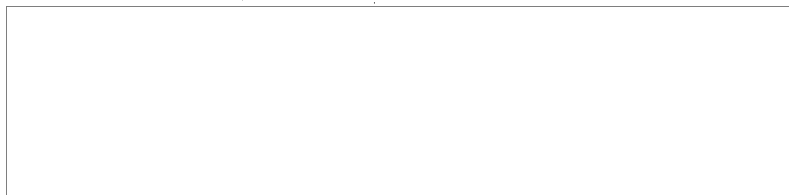


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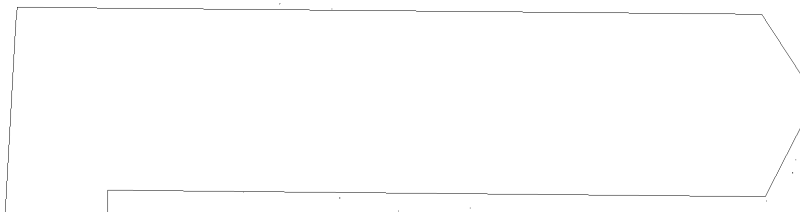
IRAN



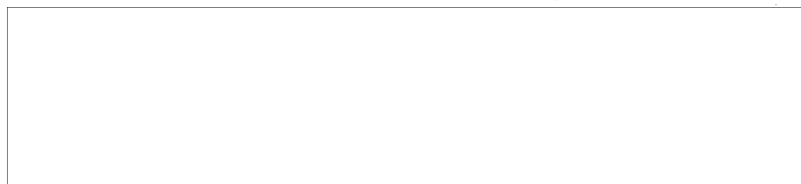
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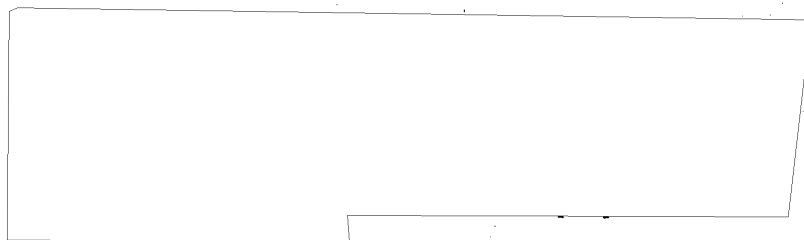
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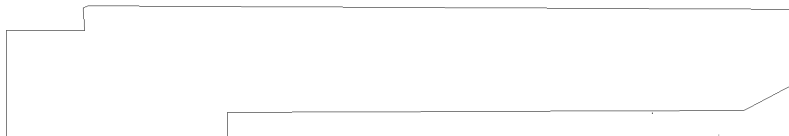


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*FOR THE PRESIDENT ONLY***BOLIVIA**

Dissatisfaction with Banzer's governing alliance has surfaced among Nationalist Revolutionary Party (MNR) militants. Although party head Victor Paz Estenssoro has publicly called for loyalty to the military, he has also declared himself the caudillo of Bolivia. Paz is said to have told party leaders [redacted] they should regard participation in the Banzer government as a springboard for achieving the MNR's ultimate goal of returning to full power. The party has rebuffed demands from its left wing that it leave the coalition, and may act to prevent the return of still-exiled leftist leader Hernan Siles.

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A "Revolutionary Resistance Front," claiming to represent most of the extreme left, has called for an armed struggle, and the regime is taking measures to deal with an expected urban terrorist campaign. A crackdown now under way against the violence-oriented National Liberation Army (ELN) is likely to be directed against all extreme leftists whether or not they actually have ELN connections.

Banzer has declared that actions of the Torres regime deemed to have been "demagogic" will be reviewed, but that the nationalization of the US-owned Bolivian Gulf Oil Company in 1969 is irreversible. The new government has asked for \$20 million in US emergency grant assistance to stimulate the economy and help the regime through its first "critical" 100 days.

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